Finance, Capitalism and World War

The pattern of destruction

When it came time to bring assassination and terror to Russia, the International Bankers financed a Japanese war against that soon-to-be-destroyed Empire. However, the first attempt (1907) failed miserably; and it seemed necessary to "respond by a world war" in order to establish a "social democracy, "first in Russia, later to be world-wide."

To achieve the purposes of this world war; that is, to make the world safe for (socialist) democracy; it was necessary that American guns be used on the side of the Banker Nations.

This was the impelling reason for sending Paul M. Warburg to the United States that he might set up a Federal Reserve System patterned after the private monopoly system of the privately owned Bank of England.

This was accomplished in 1913. A few years later, not only were American guns being supplied but also American men to pull the triggers of these guns.

So: America had made the world safe for (socialist) democracy — though a second world war (and possibly even a third) would be necessary before world-wide socialism could be established by means of a world concentration of power in the hands of the self-chosen few.

But the beginning had been made by means of WW I. The "peace" treaty had been signed at Versailles, the League of Nations had been created by means of that treaty, Germany had been drawn and quartered, her gold taken to London and Paris (all-important to the manipulators), her Saar iron and coal region was gone, her colonies taken from her, her sources of raw materials placed under the control of other (banker) nations.

And Bolshevism had been established in Russia; courtesy of the International Bankers.

It now seems apparent that, had the United States accepted membership and the required amount of leadership in the League of Nations, the International Bankers would have, then and there, transferred their world headquarters from London to New York. But the United States Senate wisely would not approve of American membership in the League of Nations. For this affront to the Bankers, the United States was destined to suffer a series of depressions, a "New Deal," and yet another (and possibly yet another) world war.

And — most importantly — England would have to be reinstated as the world's financier nation; and the United States would be called upon to pay the costs of rebuilding England as the world's creditor action — a position she had forfeited to the United States as a result of World War I. How this was accomplished is a most fascinating part of history yet to be written for public perusal. An important chapter in that yet unwritten history will have to do with our cancellation of the war debts of all nations—save heroic little Finland which defied the International Bankers and insisted on her right to remain honest by repaying her debts.

But, for our facts which are required for this particular phase of our financial story, we must rely on government sources and documents.

A SECRET bankers' meeting was held May 18, 1920, in Washington, D.C. Called The Orderly Deflation Committee of the American Bankers Association, the chief matter of business was the passage of a secret resolution providing for the "contraction of money and credits." The meeting was said to be a meeting of the American Bankers Association. Actually, however, it was called by the Federal Reserve Board, the Federal Advisory Council, and the Class A Directors of the Federal Reserve Banks.

Those attending that meeting were warned to hold the proceedings in sacred secrecy—or else. However, news did leak out; and a report was made to the House of Representatives by the Hon. Finly H. Gray. His description of the meeting of May 18, 1920, will be found in the *Congressional Record* of February 28, 1923, beginning on page 4858:

> The manipulating financiers and bankers, the master minds of frenzied finance, were not

there, present and in person, but were pulling wires, directing and prompting their tools, puppets and catspaws from afar. Maybe these catspaws were not fully aware of the destruction they were bringing down upon their unsuspecting fellow men. The chairman of the meeting said:

"We all know that if the bankers in any community, large or small, were to clasp the screws on tight they could bring disaster upon the community which might spread to other communities."

A Mr. Smith was there and said. "Of course, contraction of money and credits would result in low prices and an easing up of business." These bankers knew the effect of the contraction of money and credit upon farm values and price levels. Another Mr. Smith was there, claiming to have secured the farmers' consent to reduce farm values and the price level and, assuming to speak from personal conversation directly with farmers said. "The farmers with whom I have talked are in thorough accord with it."

Now this Mr. Smith had probably met these farmers standing around on the streets of New York, wearing overalls and cowhide boots, carrying their forks and scoop shovels, and there he secured their consent to reduce farm values and the price level.

Mr. John Skelton Williams, Comptroller of the Currency, when this contraction of money was proposed, explained his efforts to stop the resolution being drawn. In relating his efforts to the late John A. Simpson, he said: "I told the other members of the board, Do you know that this will break lots of little country banks? They cold bloodedly answered me,They ought to break—there are too many of them. I then told them, Don't you know it's going to ruin lots of farmers, and they cold bloodedly replied to me, They ought to be ruined—they are getting so prosperous they will not work."

AND SO, the Federal Reserve Banks, under orders from the Federal Reserve Board and pursuant to the secret resolution of May 18, 1920 which had been indicated by the International Bankers, began to raise the rediscount rates from 2% to 5%, then to 7%, then to 8%, to 9%, and for some farm banks the rates went even higher. And the banks folded.

Simultaneous with this drastic increase in the rediscount rates, the Central Reserve Banks began unloading Govern-

ment bonds. This selling continued until the price of "Liberty" bonds had dropped to 80. (Older citizens who tried to get anything like the price they had paid for their Liberty bonds—which they had purchased in the spirit of patriotic aid to their government during a war emergency, and which they now must sell in order to live—will recall having to haggle and dicker in order to exchange their Liberty bonds for cash.)

NOW, THE RESERVE BANKS had brought this on by selling this bonds. But the "reserves" of the farm and community banks were—to a large extent—made up of these same bonds. And, when the value of the bonds decreased, so did the reserves of the small banks. Consequently, the smaller community and farm banks had to start calling in their local loans, and forcing local borrowers to pay up. This, in turn, forced the farmers to liquidate their agricultural products at whatever price they could get, in order to meet foreclosure threats. So, of course, almost in the twinkling of an eye, farm produce prices dropped to ruinous levels. In May, 1920, the United States Bureau of Labor Statistics showed farm products at 244 (on basis of 100 in 1913.) By Jan. 1, 1921, the farm products index had dropped to 136. In eight months of manipulation, wheat had fallen from $3.00 to $1.60 per bushel; corn from $1.50 to 35c.

But taxes and interest didn't drop, nor did the prices farmers had to pay for finished products. Based on the 1913 index, in May, 1921, farm products stood at 117; but clothing was at 181, fuel and lighting 194, lumber and building materials 202, house furnishings 262, etc. Thus, premeditatedly, the farmer was robbed of his purchasing power.

At the same time, rural and farm area banks could not loan money to farmers; such loans were "unsound," said Federal Reserve. Thus was rural money drained out of farm areas, and fed into New York City for speculative uses by the favorites of the International Bankers.

Through this Federal Reserve manipulation, a number of aims of the International Bankers were realized:

(1) London still was international agricultural exchange headquarters, and London needed low agriculture prices

in order to regain her former status as a "creditor" nation;

(2) The entire economic fabric of the United States was undermined (but with the International Bankers still riding high in the saddle);

(3) America's farmers were ruined; the way was being paved for later enslavement through AAA;

(4) America was being "punished" for not going along with the International Bankers in accepting membership in the League of Nations and for not giving diplomatic recognition to Soviet Russia (this dark day was postponed until FDR came to power and Baruch's New Deal plan enthroned.)

COMMENTING on this economic treason in 1935 Gertrude Coogan pointed out: ("Money Creators," pp. 63, 64, 65, 66)

The United States is a 95% self-contained country. Thirty-five million people are directly dependent upon agriculture for purchasing power, and twenty million additional citizens of small communities are indirectly dependent upon the prices of agricultural products for purchasing power. Destroying raw material prices, and forcing them down below the cost of production drained all purchasing power of the agricultural sections, and made it impossible for those people to meet their obligations and be customers of the industrial world. This destructive policy was pursued intentionally It was not an experiment . . . It was done to further cooperate with England—not the real English people, for honest English statesmen were very much opposed to England's deflating the Empire sufficiently to allow the pound sterling to be brought back to its former gold parity. They knew that the best interest of humanity should be paramount. But others sacrificed humanity in order to bring the price of an ounce of gold back to its former arbitrary price. This was done to deflate all raw material producing countries and enable the internationalists to foreclose on real property.

It is interesting to note that at the time of the agricultural collapse in the United States, some in charge of the destructive policies sent their paid agents out into the agricultural states to misinform and mislead the farmers. The purpose was to promote dissension and radicalism. Those who instigated these movements were the paid agents of the very ones who were responsible for placing the terrible economic pressure on farmers. The ob-

> ject was to make American farmers lose faith in their own institutions and innocently become parties to the destruction of their own country. . . .
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> By mid-year 1921, all of the agricultural sections had been paralyzed. This undermining had been started and has been continued right down to the present time.

The necessary damage having been accomplished by July, 1921, now the Reserve Banks were ordered to reverse their policies. They began to buy Government bonds in the open market, and they lowered the rediscount rates. This aided the city banks, but rural and community banks still were not permitted to make loans to farmers.

THIS ARTIFICIAL situation flooded the big cities with investment and speculation capital; but left little in which to invest on the local market. So, the big spree in foreign bond buying began.

Again quoting Gertude Coogan in 1935:

> We began to play a game for the benefit of the money lender in London. We were keeping our agricultural prices low, which was undermining all of our agricultural sections, and we were making foreign loans in order to create foreign exchange for the benefit of England. We made loans to many countries of Europe and South America. Many of these loans were for fantastic purposes and the borrowers had no intention of ever paying them. To begin with, this country had no business making foreign loans, because we did not desire to control the people of any other country, and honestly operated governments never need foreign money to pay for domestic purchases.
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> Again, Europe already owed us many billions and was 'welching.' What could we possibly gain by increasing the already uncollectables?
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> ". . . The internationalists had failed in their efforts to conquer the world through militarism. Now they would conquer it by destroying the financial fabric of every country. They deliberately set out to do that, and are continuing the process right down to the present moment.

In August of 1927 the American economy was so out of balance that one wonders how it kept from toppling over as long as it did. The country's agricultural sections were continuing to deteriorate because agricultural price levels

were deliberately kept below the cost of production. But industrial sections of the United States were booming; and the stock market was soaring to unheard of heights. Coogan wrote:

> The strength of the stock market drew money here from all over the world. This caused a flow of gold from Europe to the United States greater than existed before. England had returned to the old gold value of the pound sterling (driven by the Rothschild controlled Bank of England and in face of the opposition of patriotic British statesmen who knew what the result would be.) So the Governor of the Bank of England, Montagu Norman came to New York and persuaded the Federal Reserve Board to agree to reduce the rediscout rate. This reduction of the rediscount rate—when every honest banker knew that it was done in direct opposition to what should have been done, as had been promised when the Federal Reserve Act was passed in 1913, was literally forced down the throats of the eleven Reserve Banks outside of New York City. It constituted a public scandal at the time, well remembered by every banker and many others who watch events and marvel at the audacity of the hidden few.
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> In August of 1927 . . . the Central Federal Reserve Banks were ordered to lower their rediscount rates and buy additional Government bonds. In other words, the steps were taken to increase the reserves of the city banks. City banks responded by increasing their promises-to-pay (loans). These loans went almost entirely to finance stock purchases. Loans were made on every common practice for corporations to issue rights to buy additional stocks, and for individuals exercising those rights to borrow the entire amount at their banks, using stock as collateral. In other words, banks were creating promises-to-pay and the funds thus created were flowing into the treasuries of corporations, there either to lie idle as deposit cash or to be used in building plants. Of course these loans were unsound.
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> This was the actual method of financing the terrific stock market speculation of 1928–29; it was not 'prosperity' as many supposed. The rural sections were being deliberately drained of their money by coercing country bankers into calling their local loans and purchasing very questionable domestic bonds and international loans. These orders came from the bank examiners acting under the authority of the United States Treasury which,

of course, was dominated by the Federal Reserve policies. Honest country bankers protested that their communities needed whatever funds existed, but they were told to either comply with the examiners' orders or get out of the banking business.

In response to the stimulation of bank loans (promises-to-pay) flowing into the stock market the price of securities rose higher and higher. Stocks of corporations which had very little property and whose earnings were small, sold at from 20 to 50 times their earnings. Conditions grew more dangerous and spectacular each day.

Thinking people knew that some day the bankers would begin to curtail their privately created money, loaned at interest—and when they did, the securities market would suffer a terrific crash. That crash would destroy billions of dollars' worth of then existing purchasing power; would cancel the credit money then in use, and wreck countless individuals and businesses.

The newspapers and well publicized paid 'Economists' repeated deliberate falsehoods telling the people that America was in a 'new era.' We were assured eternally rising prices and all of the old measurements of stock values were out-of-date. The New York Stock Exchange was an Aladdin's lamp. The newspapers did everything possible to fan the flames and 16,000,000 people in the United States were active participants in the purchase and sale of securities.

THE INEVITABLE crash began on October 24, 1929, at eleven o'clock in the morning. Millions were ruined, America's great depression was to follow. But the International Bankers and their pals had made billions — and, the way was prepared for the New Deal.

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